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THESIS

AN INVESTIGATION INTO THE ADMINISTRATION OF INTERSERVICE SUPPORT AGREEMENTS AT EIGHT U.S. NAVY SHORE INSTALLATIONS

by

Marlow D. Espinoza-Hale

December 1986

Thesis Advisor: James R. Duke

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This thesis focuses on the administration of Interservice Support Agreements (ISSAs) at eight U.S. Navy shore installations. Three issues are addressed: (1) the types of problems being faced by individuals responsible for administrating ISSAs; (2) the incidence and resolution of disputes between host and tenant activities; and (3) the determination of cost savings which result from having an ISSA. The thesis concludes that difficulties being experienced may be classified into five categories and are not severe overall; disputes occur infrequently and are resolved in a professional manner; and significant variation exists in the ways cost savings are determined. Recommendations for improving ISSA administration are offered.

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An Investigation into the Administration of Interservice Support Agreements at Eight U.S. Navy Shore Installations

by

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Lieutenant, United States Naval Reserve
B.P.A., University of Mississippi, 1980

Submitted in partial fulfillment of the
requirements for the degree of

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December 1986

ABSTRACT

This thesis focuses on the administration of Inter-service Support Agreements (ISSAs) at eight U.S. Navy shore installations. Three issues are addressed: (1) the types of problems being faced by individuals responsible for administrating ISSAs; (2) the incidence and resolution of disputes between host and tenant activities; and (3) the determination of cost savings which result from having an ISSA. The thesis concludes that difficulties being experienced may be classified into five categories and are not severe overall; disputes occur infrequently and are resolved in a professional manner; significant variation exists in the ways cost savings are determined. Recommendations for improving ISSA administration are offered.

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TABLE OF ABBREVIATIONS

CA	California
CNO	Chief of Naval Operations
DOD	Department of Defense
DRILS	Defense Retail Interservice Logistics Support Program
DRIS	Defense Retail Interservice Support
FY	Fiscal Year
GAO	General Accounting Office
ISSA	Interservice Support Agreement
JIAG	Joint Installation Assistance Group
JIRSG	Joint Interservice Resource Study Group
MRP	Maintenance of Real Property
NAS	Naval Air Station
NS	Naval Station
OPNAV	Office of the Chief of Naval Operations
OPNAVINST	Office of the Chief of Naval Operations Instruction
RI	Rhode Island
SC	South Carolina
VA	Virginia

I. INTRODUCTION

A. BACKGROUND

The Defense Retail Interservice Support (DRIS) Program was established in 1973. The purpose for the Program is stated in Department of Defense (DOD) Regulation 4000.19R:

> . . .to promote interservice, interdepartmental, and interagency support within the Department of Defense and among participating non-DOD agencies and to improve effectiveness and economy in operations by eliminating duplicate support services among DOD Components and participating non-DOD agencies without jeopardizing mission accomplishments [Ref. 1, p. i].

The support services being referred to are base support services. Base support services include over 100 categories of services, such as civilian personnel support, laundry, police and fire services, maintenance of real property, and maintenance of vehicles at U.S. military installations around the world [Ref. 2, p. 2]. There are significant benefits from the elimination of duplicative support services at military installations located within close proximity of one another. In a 1980 report, the General Accounting Office estimated that eliminating duplication in base support services could have saved $12 billion in the fiscal year 1978 Defense budget alone [Ref. 3, p. i].

Interservice Support Agreements (ISSAs) are one method specified by the DRIS Program for eliminating duplication of base support services within a geographic area. These agreements identify one activity as being the host and another activity as being the tenant. The ISSA documents the types and levels of support the host activity agrees to provide to the tenant activity.

B. OBJECTIVE AND RESEARCH QUESTIONS

This thesis focuses on the administration of ISSAs by individuals located at eight U.S. Navy shore installations within the continental United States. (These individuals are referred to as "field managers".) The objective of this study was to determine how ISSAs are actually being administrated by field managers at U.S. Navy shore installations.

The research questions addressed three issues: the administration of ISSAs by field managers, the issue of disputes between hosts and tenants over the interpretation of ISSAs, and the determination and use of cost savings reported by field managers. Specifically, the research questions were:

(1) Are managers experiencing any problems in preparing and/or administrating ISSAs? If so, what are these problems and what are some recommended solutions?

(2) How frequently do disputes arise over ISSAs? Are there any categories of disputes that appear to recur? How are disputes resolved?

(3) How are the reported cost savings that result from having host-tenant agreements determined? What is being done with this data?

C. THEORETICAL FRAMEWORK

One of the criticisms of the DRIS Program is that the Defense Department is not aggressively pursuing interservice support agreements as a method for consolidating duplicative base support services. Whether or not more ISSAs with other activities were possible, at the installations selected, was not considered by this research. Instead, the thesis was designed to focus on what happens after an ISSA has been signed by representatives from the host and tenant activities. The theoretical framework also established that field managers seek to accomplish their missions by maximizing the scarce resources they have available to them. One of the most important resources is time.

Negotiating ISSAs was perceived by the researcher to be an elaborate and time consuming process. Hosts and tenants are, in effect, entering into contracts with each other. Resolving any disputes that arise would take time away from a field manager's other duties; for example, in the case of a financial manager, preparing and executing the budget. Negotiation and administration of ISSAs are only two aspects of this Program for a field manager. A third is determining and reporting any cost savings that result from having a host-tenant agreement.

The determination of cost savings was of particular interest during the course of this study. Indeed, the researcher maintained a strong belief that cost savings are one of the major aspects of the DRIS Program. To begin with, determining and reporting cost savings is specifically emphasized in DOD Regulation 4000.19R and in OPNAV Instruction 4000.84. Also, the majority of the field managers interviewed reported they were expending time and effort, or requiring tenant activities to expend time and effort, to determine cost savings. Cost savings, then, were perceived to be an extremely important quantitative measure of the value of the DRIS Program.

D. SCOPE, LIMITATIONS, AND ASSUMPTIONS

1. Scope

The research for this thesis concentrated on the preparation and administration of ISSAs at eight U.S. Navy shore installations:

(1) Naval Air Station (NAS) Alameda, California (CA)
(2) The Naval Postgraduate School, Monterey, California
(3) Naval Station (NS) San Diego, California
(4) NAS North Island, California
(5) NS Charleston, South Carolina (SC)
(6) NS Norfolk, Virginia (VA)

(7) NAS Oceana, Virginia

(8) NS Newport, Rhode Island (RI)

These installations comprise the sample for this thesis.

The sample size was constrained by time and funding considerations. Nevertheless, the eight installations selected were considered to constitute a fair sample for three general reasons.

First, they are evenly split between the two U.S. coasts. Four are located on the west coast and four are on the east coast. All four of the west coast installations happen to be located in California. The reasons for selecting these were the relative ease with which travel and data collection could be accomplished from the Naval Postgraduate School (also located in California) and the fact that the majority of the U.S. Pacific Fleet is found in the San Diego area. The fact that four of the eight installations sampled are located in one state is not considered a major limitation.

Second, the sample includes some of the largest Navy installations in the country. For example, Naval Stations San Diego and Norfolk are the largest installations on the west and east coasts, respectively.

Third, the eight installations are fairly representative of the types of Navy installations found within the continental U.S. Although similarities and disparities among the installations can be identified, it is beyond the scope of this thesis to provide a comprehensive review of them. However, to argue the point that the sample selected does represent fairly the population of Navy installations within the United States, some similarities and disparities are presented below.

Naval Stations San Diego, Charleston, and Norfolk (and to a lesser degree, Newport and Alameda) are similar in that they serve as homeports to surface ships. Three of the installations are dissimilar because they are Naval Air Stations: Alameda, North Island, and Oceana. The Naval Postgraduate School has an education mission. Naval Station Newport includes the Naval War College, another activity with an education mission, as well as the Surface Warfare Officers Schools Command, a major training facility. Naval Stations San Diego, Charleston, and Norfolk are also major training sites because each of these bases contains a large Fleet Training Center. Naval Air Stations Alameda, North Island, and Oceana do not. Neither does the Naval Postgraduate School.

The variation that exists among these installations (whether in the number of tenant activities, the specific types of tenant activities, or the specific kinds of support offered) is seen as a positive element. This is because the variety is considered to support the argument that the sample fairly represents the entire population of Navy installations within the United States.

Only relationships documented by an ISSA were used. Memoranda of Understanding and Memoranda of Agreement were not considered as data for the thesis, for several reasons. These documents do not have a specified format. Nor is there a requirement to determine and report cost savings associated with them. Further, OPNAVINST 4000.84 specifically requires all host-tenant agreements be documented on an ISSA, DD Form 1144 [Ref. 4, p. 1].

The research was limited to the perspective of field managers at host activities. It was originally planned to interview a sample of managers at tenant activities. This plan was dropped, however, because of concerns that time would permit the researcher to interview, at best, managers at only two tenant activities per installation. The researcher strongly felt that the data gathered from such a meager sample of the tenant population would be an inadequate base upon which to build any conclusions or recommendations concerning the Navy DRIS program.

2. Limitations

The limitations of this thesis are:

(1) There is an on-going debate between DRIS Program managers in Washington D.C. over the future of the DRIS Program. This debate is discussed in Chapter

II. As a result of this debate, the possibility exists that the findings presented in this thesis may be overcome by events.

(2) The findings represent only the perspectives of field managers at host activities.

3. Assumptions

The researcher made two assumptions. One, that the information given to him by the field managers interviewed was, to the best of the field managers' knowledge, accurate. Two, that the reader was familiar enough with the DRIS Program that an exhaustive explanation of it was unnecessary.

E. METHODOLOGY

The methodology selected was personal interviews. Interviews were conducted with individuals responsible for either administrating, supervising, or supporting the DRIS Program in the Navy. There were two groups of these individuals. The first were the field managers. The second group was comprised of persons located in Washington, D.C. and at the Army Logistics Management Center in Fort Lee, Virginia.

This methodology was selected because it offered the researcher the greatest degree of flexibility to gather data. Specifically, it was decided that using an instrument such as a survey would restrict the people being queried to answering only within the range of responses provided on the survey. Another advantage to using interviews was that it allowed the researcher to instantly eliminate any confusion surrounding a question being asked. Likewise, the researcher was able to follow up on relevent points made by the interviewee, as well as resolve any perceived inconsistencies and confusion encountered during the course of the interview. A final advantage offered by interviews was that it provided a means by which the researcher could be referred to other individuals, when a particular question was either beyond the expertise or realm of responsibility of the person currently being interviewed.

1. Interviews With Field Managers

The majority of the findings presented in this thesis were derived from these interviews. The format for these interviews is explained in Appendix B. The determining factors used by the researcher to select an individual for a field manager interview were: length of time the individual had been in his or her job, the experience level the individual felt he/she had attained in regards to the preparation and administration of host-tenant agreements, and the specific responsibilities the individual had. Significant details of these interviews follow.

a. NAS Alameda, CA

The Assistant Budget Officer was interviewed. The responsibilities of this individual included supervising the preparation and administration of ISSAs. This interview was conducted on-site.

b. The Naval Postgraduate School, Monterey, CA

The Public Works Administrative Officer was interviewed. This person's responsibilities included preparation and administration of the ISSAs for the Naval Postgraduate School. This interview was conducted on-site.

c. NS San Diego, CA

The first interview at this installation was with an Engineering Technician assigned to the Staff Civil Engineering Office. This individual is responsible for preparing and administrating the services portion of the ISSAs at Naval Station San Diego, and was regarded by his supervisors as the field manager for the installation. This interview was conducted on-site.

The researcher was referred by the field manager to the Comptroller's Office for information regarding the determination and reporting of cost savings. At the Comptroller's Office, the Comptroller was interviewed three times. One of these interviews was conducted on-site. The remainder were conducted over the telephone.

d. NAS North Island, CA

A Budget Analyst was interviewed. This individual is responsible for preparing and administrating the ISSAs at this installation. This interview was conducted on-site.

e. NS Charleston, SC

A Management Analyst in the Resources Management Department was interviewed. This individual is responsible for the preparation and administration of ISSAs at Naval Station Charleston. This interview was conducted over the telephone.

f. NS Norfolk, VA

A Management Analyst in the Comptroller's Office was interviewed. This person is responsible for preparing and administrating the naval station ISSAs. This interview was conducted over the telephone.

g. NAS Oceana, VA

The Supervisor for Commercial Activities was interviewed. This person is responsible for the preparation and administration of ISSAs at Naval Air Station Oceana. This interview was conducted over the telephone.

h. NS Newport, RI

The Financial Manager for the Naval Education and Training Center at Naval Station Newport was interviewed. This person's responsibilities include supervising the single Budget Analyst who actually prepares and administrates the ISSAs at this installation. This interview was conducted over the telephone.

2. Other Interviews

Telephone interviews were also conducted with DRIS Program coordinators in Washington, D.C., and with the course coordinator of the DRIS course at the Army Logistics Management Center in Fort Lee, Virginia. The purpose of these interviews was to obtain background information on the DRIS Program.

In Washington, D.C., the Assistant to the DOD DRIS Program Administrator was interviewed. This individual is assigned in the Installation Support office of the Office of the Assistant Secretary of Defense (Acquisition and Logistics). Also interviewed was the Navy Executive Coordinating Agent for the DRIS Program.

At the Army Logistics Management Center, the coordinator of the DRIS Course was interviewed. This individual instructs field managers sent to Fort Lee, and has also instructed field managers when the course has been taken across the country and overseas as exportable training.

F. DEFINITIONS AND ABBREVIATIONS

Appendix A is a glossary of terms used in this thesis. For ease of reference, a Table of Abbreviations is located at the beginning of this thesis.

G. SUMMARY OF FINDINGS

The significant findings of this research are presented below.

1. Problems Administating ISSAs

The problems faced by field managers can be classified into five categories:

(1) Getting ISSAs Through Two Organizations

(2) Personnel Shortages

(3) Problems Determining Cost Savings

(4) Interpreting Applicable Regulations

(5) Physical Space Problems.

2. The Issue of Disputes

The following information summarizes the findings for this issue:

(1) Disputes between hosts and tenants tend to occur infrequently.

(2) Disputes tend to be resolved through negotiation and by referencing the regulations.

(3) Disputes tend to be resolved at the lowest practical level of an installations organization structure.

(4) Generally, disputes tend to occur more often over the appropriateness of a host seeking reimbursement from a tenant.

3. The Determination of Cost Savings

The following information summarizes the findings for this issue:

(1) Cost savings are determined via non-standard methodologies.

(2) The cost savings that are reported are not verified.

(3) Two significant questions are raised concerning the determination of cost savings. One, are the cost savings accurate? Two, are all possible cost savings being reported?

H. ORGANIZATION OF STUDY

Chapter II provides a broad overview of the DRIS Program. The findings from the interviews conducted with the field managers are presented in Chapter III. All of the data gathered by the researcher for this study is analyzed, in the context of the research questions, in Chapter IV. Finally, recommendations for the administration of ISSAs are offered in Chapter V.

II. BACKGROUND: THE DRIS PROGRAM

A. A PROGRAM TO REDUCE THE COST OF BASE SUPPORT SERVICES

Normally, base support services are financed by each installation receiving funds budgeted for that purpose [Ref. 2, p. 2]. With so many military installations around the world (Navy, as well as those belonging to the other armed services), it is inevitable that the types of base support services being provided at one installation duplicate the types being provided at other installations. If these installations are located within a reasonable distance of each other, then the possibility exists that the best use of the base support services funds available within the DOD budget is not being made. The 1980 GAO report, that estimated eliminating duplication in base support services could have saved $12 billion in the fiscal year 1978 Defense budget alone, also reported that civilian personnel costs could be reduced thirty percent, if efforts to consolidate civilian personnel services were aggressively pursued [Ref. 3, p. 3].

While it may seem that duplication in base support services in inevitable, tolerating the waste that results from a known duplication is avoidable. Since 1972, the DRIS Program has existed in order to identify and combat duplicative base support services. The DRIS Program is actually comprised of two different programs. The first is the Commercial Activities Program. This program forces consolidation of duplicate base support services by contracting out the service to local private sector firms. The second program is commonly referred to as the DRIS Program. Although this is a misnomer (because it neglects the Commercial Activities Program), the phrase DRIS Program is the official title and will be used throughout this thesis.

The DRIS Program focuses on eliminating duplicate base support services by consolidation through interservice support. The official definition of interservice support, as promulgated in DOD Directive 4000.19R, the authorizing directive for the complete DRIS Program, is:

> . . . all actions that result in the provision of material, facilities, or services support between DOD Components or between a DOD Component and a federal agency. [Ref. 5, p. 26-A-2-1]

Under the DRIS Program, the type of support being referred to is, specifically, retail interservice support. The official definition of retail interservice support, also presented in DOD Directive 4000.19R, is: "Support accomplished at the post, installation, and base level, and between operating commands with resources that are available to the installation commander" [Ref 5., p. 26-A-2-3].

B. DOCUMENTING RETAIL SUPPORT

The vehicle for accomplishing and documenting retail interservice support is generically referred to as a host-tenant agreement. In accordance with DOD Regulation 4000.19R, host-tenant agreements can take three forms:

(1) ISSAs

(2) Memoranda of Agreement

(3) Memoranda of Understanding.

Of these, the most formal type of host-tenant agreement is the ISSA, which is issued in a specifically authorized format designated DD Form 1144. Throughout this thesis, the term ISSA will refer to host-tenant agreements documented on a DD Form 1144. Almost half of DOD Regulation 4000.19R is devoted to instructions on how to properly fill out an ISSA. Unlike ISSAs, Memoranda of Agreement and Memoranda of Understanding do not have a specified format. Memoranda of Agreement and Memoranda of Understanding are sometimes attached to an ISSA, in order to elaborate on a particular aspect of the ISSA.

All three formats share a common purpose, however. Each specifies one activity as the host and another as a tenant. Also, each specifies the types and levels or quantities of services the host agrees to provide a tenant. Special provisions, such as the rates being charged by the host and the reimbursements the tenant is expected to pay back to the host, may also be included.

In a 1980 study on the DRIS Program, the GAO called host-tenant agreements, ". . . well-tried methods for providing support services while reducing costs" [Ref. 3, p. 18]. The GAO also cited the advantages of using host-tenant agreements throughout a specified geographical area. The advantages cited were:

(1) a single focal point with in-depth knowledge of the support functions and resources for providing support within the area,

(2) capability for detailed analyses of the administrative and functional requirements of each tenant activity,

(3) a streamlined support structure that could be readily compared with commercial contracting costs [Ref. 3, p. 18].

C. POLICIES GOVERNING THE DRIS PROGRAM

1. DOD-Wide Policies for the DRIS Program

The policies for the DRIS Program, DOD-wide, are contained in two documents. The first is DOD Directive 4000.19R; the second is DOD Regulation 4000.19R. DOD Directive 4000.19R takes precedence over, and authorizes the regulations contained in DOD Regulation 4000.19R. Compared to DOD Regulation 4000.19R, only broad policy guidelines are contained in DOD Directive 4000.19R.

DOD Regulation 4000.19R is commonly referred to as the DRIS Regulations or DRIS Manual, and is extensively used by field managers administrating ISSAs throughout the DOD. Detailed guidance regarding host-tenant relationships, as well as instructions for filling out an ISSA are provided.

Some of the most significant policies contained in these two documents are as follows:

(1) The DRIS Program is to be governed by DOD Regulation 4000.19R.

(2) The DRIS Program is to be overseen by the Assistant Secretary of Defense (Acquisition and Logistics). Within this office are two individuals with authority over the DRIS Program. The first is the Director for Installation Assistance. The second is the DRIS Program Administrator for DOD.

(3) All DOD Components (see Appendix A) are required to review their self-support capabilities. If a duplication in effort is discovered with another DOD Component, in close proximity to the first, action is to be taken so that the duplication of effort may be eliminated by use of a support agreement.

(4) ISSAs are to be effective for six years maximum; reviews of ISSAs are to be accomplished by the host and tenant activities every three years.

(5) In the event of a dispute, efforts are to be made at the local level to revolve it. If these efforts

fail, the dispute is to be brought to the attention of whomever acts as the interservice support coordinator for the DOD Components involved. Two rules are provided in the event of a dispute. One, the dispute is not to interfere with the missions of the DOD Components involved. Two, the host activity is to continue providing the same level of support until the dispute is resolved and a change in the level of support is approved by higher authority.

(6) A host activity cannot spontaneously "terminate, change, or reduce" the support being provided a tenant activity. DOD Directive 4000.19R specifically states that a minimum of 180 days notice is required before any deviation is made in the type or level of support a host activity agreed to provide a tenant activity.

(7) A host activity is required to recover, via reimbursements, the net identifiable costs that result from providing support to a tenant.

(8) Savings that result from two activities entering into a host-tenant agreement are to be recorded on the ISSA. A special block, numbered 7A, is contained on the ISSA for this. Savings reported are to be either avoidance savings or budget savings (see Appendix A). Table 1 lists the cost savings reported DOD-wide from Fiscal Year (FY) 75 to FY 85 [Ref. 6, p. iii].

TABLE 1: SELECTED DOD-WIDE DRIS PROGRAM STATISTICS

FY	SAVINGS REPORTED IN BLOCK 7A	AVOIDANCE SAVINGS	BUDGET SAVINGS ($ MILLIONS)
75	NR	NR	$ 22.7
76	NR	NR	5.7
77	NR	NR	10.1
78	NR	NR	1.9
79	NR	NR	3.5
80	NR	NR	0.190
81	NR	NR	0.955
82	NR	NR	3.0
83	$ 28,695,327	$ 25,949,422	2.7
84	118,211,495	113,594,476	4.6
85	127,893,519	124,335,879	3.5

Source: DRIS Quarterly Report
31 March, 1986

Note: "NR" means figures not reported

2. Navy-Specific Policies for the DRIS Program

Additional regulations and policies specifically applicable to Navy host-tenant relationships are contained in OPNAVINST 4000.84. Some of the most significant policies contained in this document are listed and discussed below.

(1) Navy policies for host-tenant agreements will be in accordance with the regulations contained in DOD Regulation 4000.19R.

(2) Chief of Naval Operations (CNO) office OP-443 is responsible for administrating the Navy DRIS Program. The Navy Executive Coordinating Agent for the DRIS Program is located in this office. This individual supervises the Navy DRIS Program and serves as the liaison between the Assistant Secretary of Defense (Acquisition and Logistics) and the Navy in matters pertaining the the DRIS Program.

(3) All host-tenant agreements are to be recorded on an ISSA.

(4) Savings that result from either interservice or intraservice agreements must be recorded on the ISSA. (An interservice agreement would be between a Navy activity and a non-Navy activity. An intraservice agreement would be between two Navy activities.)

D. FORMAL TRAINING AVAILABLE

Formal training in the DRIS Program, with emphasis on the administration of ISSAs, is available at the U.S. Army Logistics Management Center located at Fort Lee, Virginia. The program of instruction lasts five days and is known as the DRIS Course.

The DRIS Course is designed to provide training to individuals whose responsibilities include the preparation and administration of ISSAs. A complete course description, class convening dates, and the requirements for exportable training may be obtained by contacting the DRIS Program Office at Fort Lee. Some of the most significant instruction topics of the DRIS Course are:

(1) Introduction to the DRIS Program,

(2) Introduction to the Defense Logistics Studies Information Exchange database,

(3) DRIS organization, functions and responsibilities,

(4) Negotiating the support agreement,

(5) Completing an ISSA (DD Form 1144),

(6) Determining support costs,

(7) Determining costs savings. [Ref. 7]

E. TROUBLED PAST, UNCERTAIN FUTURE

1. DRILS to DRIS

The DRIS Program has its roots in the Defense Retail Interservice Logistics Support Program (DRILS), which was established during the Korean War. Unlike the DRIS Program, the DRILS Program was strictly voluntary. Fifty categories of logistics support services were defined by the DRILS Program. The different services were only encouraged (instead of directed) to explore ways to share the costs of providing logistics support. [Ref. 8, p. 1]

In 1973, two significant policy changes caused the DRILS Program to be superceded by the DRIS Program. First, efforts to consolidate support services were no longer just encouraged. The services were directed to review all support capabilities and work to eliminate duplications of effort. Second, fifty-one categories of administrative support were added for the services to consolidate where practical. [Ref. 8, p. 1]

At the same time, a decision was made by DOD Policy-makers to establish a central database for the collection of all ISSAs. This database was designated the DRIS Databank. The functions of the DRIS Databank were to maintain copies of all ISSAs and extract from them quantitative data (such as numbers of ISSAs throughout DOD, the value of support services listed on all ISSAs, avoidance savings and budget savings achieved). The DRIS Databank was also responsible for issuing a report each quarter that contained statistical information derived from the ISSAs. Special reports, such as for management studies, could also be ordered from the DRIS Databank. The DRIS Databank came on-line in 1974. Originally, it was located at the Defense

Logistics Center in Battle Creek, Michigan. In 1984, the database and all responsibilities associated with it were transferred to the Defense Base Operations Analysis Office in Alexandria, Virginia.

2. Criticism of the DRIS Program

Only two years after being implemented, the DRIS Program began to draw fire from critics inside and outside the Defense Department. In 1975, a study by analysts assigned to the Office of the Joint Chiefs of Staff reported that the DRIS Program was not receiving adequate support by the individual services and recommended that a panel of flag officers, drawn from each service, be created to strengthen the credibility of the DRIS Program [Ref. 2, p. 3].

The same year, the GAO issued its first criticism of the DRIS Program. This report surveyed the administration of the DRIS Program at installations located in the Western Pacific. The report concluded that the DRIS Program was ineffective because the designated DRIS Coordinators at various activities were assigned on a part-time basis, the program as a whole was not considered a high-priority by the installation commanders, and the consolidation studies being performed were of poor quality. Also cited were the regulations governing the DRIS Program. GAO analysts did not consider the wording forceful or clear enough to force consolidations. [Ref. 2, p. 3]

In 1976, a report by the Defense Supply Agency Auditor General concluded that personnel at installations were stymied in their efforts to consolidate services by labor turnover, insufficient facilities support, and a reluctance to turn over local service support to another organization [Ref. 2, p. 4].

DRIS Program managers within DOD attempted to correct the shortcomings pointed out. The most significant program change was the creation of Joint Interservice Resource Study Groups (JIRSGs) in 1978. JIRSGs were established in geographic areas where there were several relatively large military installations. Examples are the areas around San Diego, California and Norfolk, Virginia. Information provided by the Army Logistics Center indicates there are fifty-six JIRSGs worldwide; forty-three are located within the continental U.S. and thirteen are located overseas [Ref. 9, p. 8]. Comprised of experienced managers from the installations located within the geographic area, JIRSGs are responsible for studying the support services at each installation and reporting whether or not consolidation of services is feasible.

In 1980, the GAO again issued severe criticism of the effectiveness of the DRIS Program. GAO charged that the services were being extremely parochial and, in essence, paying only lip service to the goals of the DRIS Program. As a result, billions in potential savings were being lost every year. The impact JIRSGs were making towards consolidation of support services was also reported to be minimal. GOA analysts concluded that JIRSG studies were poorly defined and that the assumptions made in many studies were faulty. [Ref. 3, pp. 11-17]

Another critical report was issued by the Defense Audit Service in 1982. The findings of this report corroborated the findings of the 1980 GAO study, particularly in regards to the effectiveness of JIRSGs. A significant finding of this report was that, overall, DOD appeared to be putting emphasis on the Commercial Activities Program. Installations, it was noted, were individually contracting out for a variety of base support services. This lack of organization prevented base support services from being organized in the most efficient and effective ways. [Ref. 2, p. 4]

All of this criticism did not escape the attention of Congress. Beginning in 1983, Congress began to make reductions in the amounts of money the Services were requesting for base operations support. In FY 83, $50 million was cut from the DOD budget for base operations. During FY 84 and FY 86, Congress made similar budget cuts. [Ref. 8, p. 3]

One implication of these cuts seems clear to the researcher: Congress views interservice cooperation at the installation level as minimal and is giving warnings that it considers base operations budgets ripe for cuts. With substantial Defense Budget cuts looming over the next few years, money for base support services may become increasingly difficult to defend against budget reductions.

3. The DRIS Program in 1986

In a memorandum dated 28 April, 1986, the Assistant Director for Installation Support provided an indication to the Executive Coordinating Agents of all three services that DOD was beginning to look harder at the DRIS Program. The Assistant Secretary recalled the first task of all members of the Defense Department set down by the Deputy Secretary of Defense:

> The first of these tasks involves giving more authority and responsibility to the doers, and to redirect headquarters efforts away from restricting and more toward facilitating the work that must be done. [Ref. 10, p. 1]

The Assistant Director then announced that the involvement of the Office of the Secretary of Defense in a centralized program, such as the DRIS Databank, was not in keeping with the spirit of the above. Input into the DRIS Databank was ordered stopped and any requirements for reports from the DRIS Databank were ordered to be rescinded. Components could maintain a DRIS database, if they desired. [Ref. 10, p. 1]

The researcher interviewed the Navy Executive Coordinating Agent for the DRIS Program in November of 1986. This individual reported that all three services were preparing reclamas to the decision, but that the DRIS Databank was presently not a viable organization.

In October of 1986, another memorandum was issued by the Assistant Director for Installation Support. This memorandum proposed sweeping changes to the DRIS Program on several fronts. First, the DRIS Regulations were dramatically reduced. The current DOD Regulation 4000.19R runs approximately seventy-one pages; the proposed new regulations are contained in only two pages.

Second, more responsibility for efficient operation of military installations is to be granted to the installation commanders. Under the proposed new regulations, installation commanders are to be allowed more freedom to allocate the money in their budgets as they see fit; the Office of the Secretary of Defense will not seek to force consolidations of base support services. The decision to engage in interservice support agreements or not will rest solely with the installation commander.

Third, a new format for the ISSAs was proposed. The most significant change is that there is no space on the draft ISSA to report cost savings. This coincides with the decision to phase out the DRIS Databank at the DOD level.

Fourth, the memorandum proposed replacing JIRSGs with a new group titled Joint Installation Assistance Groups (JIAGs). JIAGs will operate and be staffed just like JIRSGs. Unlike JIRSGs, however, the principal function of a

JIAG will not be to conduct studies and recommend consolidations where practicable. The proposed mission for the JIAGs is, generally, to promote resource sharing among installations and facilitate the exchange of information among installations on "new and innovative ideas to improve base support" [Ref. 11, p. 6]

The researcher interviewed the Assistant to the DOD DRIS Program Administrator in October of 1986. This individual reported that the proposed changes to the DRIS Program did not signal an end to the Program. Rather, the Policy-makers in DOD have decided to decentralize the DRIS Program down to the installation commander level. The objective is to provide installation commanders with the authority and resources to manage their installations and money as they see fit. The interviewee added that the proposed changes to the DRIS Program were part of a larger effort by the Defense Department to eliminate or minimize as many regulations as possible.

The Navy Executive Coordinating Agent for the DRIS Program repeated many of these points. This individual also reported that the services were preparing reclamas to the proposed changes. The reclamas were due to the Assistant Secretary of Defense (Acquisition and Logistics) in early December of 1986. A final decision on the future of the DRIS Program is expected in 1987.

F. SUMMARY

This chapter provided a broad overview of the DRIS Program. The remainder of this thesis discusses the research and presents the findings. Finally, Chapter V offers some conclusions and recommendations of the researcher.

III. PRESENTATION OF FINDINGS FROM FIELD MANAGER INTERVIEWS

A. PROFILE OF FIELD MANAGERS INTERVIEWED

The purpose of this section is to provide the reader with descriptive information about the field managers interviewed. Four characteristics of these individuals are presented: their titles, longevity in current jobs, level of education achieved, and whether or not they have received formal training in the DRIS Program and ISSA administration. The reasons for presenting this information differ with each characteristic.

Titles are presented so that the reader may gain a sense for the various positions (and associated responsibilities) held by the persons interviewed for this study. Job longevity is presented so that the reader may gain a sense for the degree of expertise each field manager has attained in his or her position. An educational profile is presented to provide an indication of the particular skills each field manager brings to his or her position. Finally, whether or not the field managers received formal training in the DRIS Program and ISSA administration is presented in order to provide an indication of the type of training, either formal or informal, these individuals received prior to assuming their positions.

1. Titles

Table 2 summarizes this information. The table was constructed from the responses given to the question, "What is your current GS Rating and Title"? In the interest of privacy, GS ratings were not presented.

2. Field Manager Longevity In Current Jobs

Table 3 summarizes this information. The basis for this table were the responses given to the question, "How long have you been in your present job"? Responses by managers of fractions of years are indicated by the "less than" symbol.

3. Education Profile

Table 4 summarizes this data. Adding up the total number of field managers in Table 4 yields a sum of nine. This reflects the fact that one of the field managers earned a Bachelor's degree prior to earning an MBA.

4. Formal Training Received By Field Managers

Table 5 summarizes the data for this section. The focus here is whether or not the field managers have received any formal training in the purpose and/or administration of the DRIS Program. Two of the eight field managers (twenty-five percent of the sample) reported that they had received formal training.

Both of these field managers completed the five day DRIS Course. The timeliness of the training varied. At Naval Air Station North Island, the field manager completed

TABLE 2: TITLES OF FIELD MANAGERS INTERVIEWED

TITLE	NR OF FIELD MANAGERS WITH THAT TITLE
FINANCIAL MANAGER	1
ASSISTANT BUDGET OFFICER	1
PUBLIC WORKS ADMINISTRATIVE OFFICER	1
MANAGEMENT ANALYST	2
BUDGET ANALYST	1
ENGINEERING TECHNICIAN	1
SUPERVISOR FOR COMMERCIAL ACTIVITIES	1

TABLE 3: FIELD MANAGER LONGEVITY IN CURRENT JOBS

NAS ALAMEDA, CA	2 Years
NAVAL POSTGRADUATE SCHOOL, CA	< 4 Years
NS SAN DIEGO, CA	< 1 Year
NAS NORTH ISLAND, CA	7 Years
NS CHARLESTON, SC	< 1 Year
NS NORFOLK, VA	< 2 Years
NAS OCEANA, VA	< 3 Years
NS NEWPORT, RI	10 Years

Note: "Less than" symbol (<) indicates responses by managers of fractions of years.

TABLE 4: EDUCATION PROFILE

LEVEL OF EDUCATION	NUMBER OF FIELD MANAGERS
HIGH SCHOOL ONLY	3
HIGH SCHOOL PLUS SOME COLLEGE (BUSINESS)	1
EARNED ASSOCIATE'S DEGREE (LIBERAL ARTS)	1
EARNED BACHELOR'S DEGREE	
A. LIBERAL ARTS	1
B. ENGINEERING	1
C. ACCOUNTING	1
EARNED POSTGRADUATE DEGREE (MBA)	1

TABLE 5: SUMMARY OF RESPONSES TO QUESTION: HAVE YOU HAD ANY FORMAL DRIS TRAINING?

NAS ALAMEDA, CA	NO
NAVAL POSTGRADUATE SCHOOL, CA	NO
NS SAN DIEGO, CA	NO
NAS NORTH ISLAND, CA	YES
NS CHARLESTON, SC	YES
NS NORFOLK, VA	NO
NAS OCEANA, VA	NO
NS NEWPORT, RI	NO

the course and began working with the DRIS Program immediately thereafter. At Naval Station Charleston, the field manager completed the course in December of 1984, but did not begin working with the DRIS Program until July, 1985.

Both field managers reported that the training was beneficial. The field manager at Naval Air Station North Island cited two specific benefits: instruction in cost analysis and the opportunity to learn points of contact for the DRIS Program. The field manager at Naval Station Charleston also cited the instruction in cost analysis as helpful, but pointed out that the seven month gap between completion of the course and actually beginning work in the DRIS Program adversely affected retention of some of the details regarding the cost aspects of the DRIS Program.

B. ADMINISTRATIVE FINDINGS

1. Location of DRIS Program at Installations Sampled

Six of the eight installations have DRIS Program administration located in financial management offices. These installations are:

(1) NAS Alameda, CA

(2) NAS North Island, CA

(3) NS Charleston, SC

(4) NS Norfolk, VA

(5) NAS Oceana, VA

(6) NS Newport, RI.

The remaining two installations, the Naval Postgraduate School and Naval Station San Diego, have DRIS Program administration located in Public Works offices. Both field managers at these installations reported that it is their responsiblity to develop ISSAs and serve as the point of contact for the tenants. However, specific financial responsibilities differed. At the Naval Postgraduate School, the field manager reported that she directed the compilation of data used to compute reimbursable rates and determine cost savings. In contrast, the field manager at Naval Station San Diego reported that he had no financial responsibilities. The reimbursable rates were computed in the Comptroller's Office. Responsibility for computation of any cost savings was also reported to be located in the Comptroller's Office.

2. Numbers of ISSAs At Each Installation

Table 6 lists the numbers of ISSAs at each installation. The table was developed from the estimates provided by the field managers.

3. Percentages of ISSAs Considered "Up To Date"

The expression "up to date" referred to all ISSAs which met two conditions. First, the ISSAs had not passed their current expiration date. Second, the ISSAs were correct in the sense that the types and levels of services to be provided by the installations to their tenants were,

TABLE 6: ESTIMATED NUMBERS OF ISSAS REPORTED BY FIELD MANAGERS

NAS ALAMEDA, CA.	50
NAVAL POSTGRADUATE SCHOOL, CA.	14
NS SAN DIEGO, CA.	49
NAS NORTH ISLAND, CA.	75
NS CHARLESTON, SC.	70
NS NORFOLK, VA.	100
NAS OCEANA, VA.	36
NS NEWPORT, RI.	35

in fact, the types and levels of services being provided. Table 7 summarizes this information.

The estimates for Naval Stations Charleston and Norfolk were derived from statements made by the field managers at those installations. At Naval Station Charleston the field manager stated that all the ISSAs were current except for two under review. Thus, the figure presented in Table 7 was computed by dividing two by seventy (the number of ISSAs reported at Naval Station Charleston), and then subtracting the resulting quotient from one hundred. The figure was then turned into a percentage.

At Naval Station Norfolk the field manager reported that all ISSAs were up to date except for seven or eight that were under review. A similar manipulation as that described for Naval Station Charleston was performed to derive the figure presented in Table 7.

TABLE 7: ESTIMATES OF THE PERCENTAGE OF ISSAS REPORTED BY FIELD MANAGERS AS "UP TO DATE"

NAS ALAMEDA, CA	50%
NAVAL POSTGRADUATE SCHOOL, CA	80%
NS SAN DIEGO, CA	98%
NAS NORTH ISLAND, CA	50%
NS CHARLESTON, SC	97%
NS NORFOLK, VA	92%
NAS OCEANA, VA	100%
NS NEWPORT, RI	95%

Note: "Up To Date" was defined to mean ISSAS that were current and correct so far as the services listed are in fact the services being provided by the host.

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4. Amounts of Time Spent Working With ISSAs

Field managers were asked to estimate the amount of time spent administrating ISSAs, on a monthly basis. However, a significant number of the responses given by the field managers to this question were not in accordance to the time standard established by the question. With hindsight, the researcher admits the question should have been worded more clearly. Table 8 summarizes this information.

The field managers at the Naval Postgraduate School and Naval Station Newport responded within the time context

TABLE 8: ESTIMATES OF TIME SPENT ADMINISTRATING ISSAS

10--15% OF TIME ON A MONTHLY BASIS	NAVAL POSTGRADUATE SCHOOL, CA
20% OF TIME ON A MONTHLY BASIS	NS NEWPORT, RI
APPROXIMATELY TWO HOURS A DAY	NS SAN DIEGO, CA
TIME SPENT CONTINGENT UPON URGENCY FOR BRINGING ISSAS UP TO DATE	NAS ALAMEDA, CA NAS NORTH ISLAND, CA NS CHARLESTON, SC NS NORFOLK, VA NAS OCEANA, VA

established. Their estimates are listed in Table 8. The field manager at Naval Station San Diego provided an estimate of approximately two hours a day. The remaining field managers provided answers which were interpreted by the researcher to indicate that the time spent administrating ISSAs was contingent on the relative urgency for bringing ISSAs up to date vis-a-vis the urgency for accomplishing other tasks.

To illustrate, the field manager at Naval Air Station Alameda reported that because of a personnel shortage, the stated policy was for analysts to spend at least one day a week reviewing and updating ISSAs. The policy was not always followed, however, and ISSAs tended to be updated and reviewed only as time permitted. ISSAs also tended to be disregarded entirely if tasks related to the installation budget needed to be accomplished.

A similar response was given by the Naval Air Station North Island field manager. This field manager reported that she was supposed to be spending a hundred percent of her time reviewing and updating ISSAs until they were all brought up to date. However, because of a personnel shortage, she was currently assisting the other analysts in the office with tasks related to closing out the installation budget for the fiscal year.

At Naval Station Charleston, the field manager reported that she typically spends fifty percent of her time working with ISSAs, but added that if any ISSA needed to be updated she spent one hundred percent of her time.

The field managers at Naval Station Norfolk and Naval Air Station Oceana both reported that mass reviews of all ISSAs had just been accomplished. The field manager at Naval Station Norfolk estimated that approximately thirty hours a month had been spent (as opposed to an estimate of the amount of time routinely spent) administrating ISSAs. At Naval Air Station Oceana, the field manager did not provide an estimate of how much time had been spent during the mass review there. Instead, this field manager estimated that since the mass review, she was having to spend a couple of days a month, on average, administrating ISSAs.

TABLE 9: DIFFICULTIES REPORTED BY TYPE AND LOCATION

TYPE	LOCATION(S)
GETTING ISSA THROUGH TWO ORGANIZATIONS	NAS ALAMEDA, CA NS CHARLESTON, SC NS NEWPORT, RI
INTERPRETING REGULATIONS	NAS NORTH ISLAND, CA
DEMANDS OF OTHER JOB RESPONSIBILITIES	NAVAL POSTGRADUATE SCHOOL, CA
LACK OF COST INFORMATION	NAS OCEANA, VA
PROPER IDENTIFICATION OF A REIMBURSABLE SERVICE	NS CHARLESTON, SC
LACK OF PHYSICAL SPACE AVAILABLE FOR TENANTS	NS SAN DIEGO, CA
TENANT RELOCATION	NS SAN DIEGO, CA

C. DIFFICULTIES REPORTED

Table 9 summarizes the data for this section. Field managers were asked, "What difficulties have you encountered in preparing or administrating ISSAs"? This section focuses on the responses given.

1. Getting an ISSA Through Two Organizations

The length of time required to circulate an ISSA through the host and tenant chains-of-command in order to finalize the agreement was the difficulty cited most often. Three of eight field managers (over thirty-seven percent of the sample) reported experiencing this difficulty.

2. Interpreting Applicable Regulations

The regulations referred to are DOD Regulation 4000.19R: DRIS Regulations and the Naval Comptroller's Manual. Two aspects of this difficulty were related by the field manager at Naval Air Station North Island. The first was literally problems understanding the regulations as they are presented in the two manuals. The second aspect, reported later in the interview, dealt with the applicability of the regulations. Both manuals emphasize *inter*service support agreements. The majority of the ISSAs at Naval Air Station North Island, however, are *intra*service. Difficulties arise when the regulations have to be interpreted and followed in light of this fact. The crux of the issue is: which regulations apply and which do not?

3. Demands of Other Job Responsibilities

The chief impact of this difficulty was that it disallowed planned administration of ISSAs. The result, according to the field manager at The Naval Postgraduate School, was that she was compelled to verify and update ISSAs only as the need arose.

4. Lack of Cost Information

The difficulty being referred to is not having some tenant support cost and cost savings data readily available for inclusion in the ISSA. The reason for including this data is to fulfill the requirement in the DRIS regulations for reporting cost savings.

5. Proper Identification of a Reimbursable Service

This difficulty referred to a specific incident at Naval Station Charleston. A question arose between the naval station and a tenant activity over which party should be charged approximately one hundred thousand dollars for maintenance performed on the building occupied by the tenant. The issue hinged on interpretation of a clause in the ISSA, that failed to explain to either party's satisfaction, precisely whose responsibility it was to pay for Maintenance of Real Property (MRP) work termed, "additional maintenance as required". Ultimately, the issue was settled by the naval station paying for the work. To avoid future misinterpretations, the field manager reported that the MRP clause in all ISSAs was rewritten in more specific terms.

6. Lack of Physical Space Available For Tenants

This difficulty was peculiar to Naval Station San Diego and is a result of an extensive military construction program currently underway. As old buildings are torn down to make way for new buildings, tenants are being temporarily relocated. In some cases, the temporary facilities are not as expansive as the previous facilities the tenants occupied. Also, the temporary facilities do not always provide the amounts of space particular types of tenant activities are authorized by the Naval Facilities Command

Instructucion P-80, Facility Planning Criteria For Navy and Marine Corps Shore Installations. The difficulty, then, is attempting to balance tenant activity space requirements and entitlements with the physical space limitations of the naval station.

7. Tenant Relocation

This is another difficulty resulting from the military construction program at Naval Station San Diego. Tenant activity relocation at the naval station is so great that the only reliable way of knowing when and where a tenant has moved is for the tenant to inform the Staff Civil Engineering Office. Failure of a tenant to do this, according to the field manager interviewed, adversely affects the accuracy of the ISSA between the naval station and the tenant.

D. FINDINGS RELATED TO THE ISSUE OF DISPUTES

Table 10 summarizes the data in this section. Field managers were asked the following questions relating to disputes:

(1) Have there been any instances where a dispute has arisen over the service descriptions in an ISSA? That is, have there been any instances where a dispute has arisen over the character and/or level of services a host is to provide a tenant?

(2) How are (were) disputes resolved?

TABLE 10: DISPUTES REPORTED BY CATEGORY AND LOCATION

CATEGORY	LOCATIONS
1. DISPUTES OVER REIMBURSEMENTS	
A. UTILITIES CHARGES	NAVAL POSTGRADUATE SCHOOL, CA
B. AIR CONDITIONER MAINTENANCE CHARGES	NAVAL POSTGRADUATE SCHOOL, CA
C. PUBLIC WORKS CHARGES	NAS NORTH ISLAND, CA
D. MRP CHARGES	NS CHARLESTON, SC
E. TELEPHONE CHARGES	NAS OCEANA, VA NS NEWPORT, RI
2. DISPUTES OVER MANPOWER	
A. PERSONNEL FOR INSTALLATION GALLEY	NAS ALAMEDA, CA
B. PERSONNEL FOR INSTALLATION WATCHBILL	NS SAN DIEGO, CA

Eight incidents of disputes were reported. The disputes were categorized into disputes over reimbursements and disputes over manpower.

1. Disputes Over Reimbursements

Five seperate classes of disputes over reimbursements were reported. At the Naval Postgraduate School, one incident arose when a tenant contested the accuracy of the utilities charges presented by the school. The dispute was settled after the school conducted a second study of the tenant's usage rate of utilities. The findings of this study verified the accuracy of the utilities charges to the satisfaction of the tenant.

In another incident at the Naval Postgraduate School, a tenant contested being charged for maintenance performed by the school on the air conditioners installed in the building occupied by the tenant. The air conditioners were being used primarily to cool the mainframe computer installed in the building and used exclusively by the tenant in pursuit of its mission. The dispute was settled by this fact being pointed out. The tenant continues to provide reimbursement to the school for the air conditioner maintenance performed.

At Naval Air Station North Island, the field manager reported that disputes have arisen over charging tenants for such public works services as electricity and janitorial services. Some tenants have questioned why they are charged, for what in their view are relatively minor types or levels of services. The reason given is that Naval Air Station North Island is itself a tenant activity with the Naval Station San Diego Public Works Center. Thus, Naval Air Station North Island is itself charged for the public works services that are obtained from Naval Station San Diego and subsequently passed on to the tenants.

The field manager at Naval Station Charleston reported a dispute over which activity, the naval station or the tenant, should pay for MRP work performed by the naval station for the tenant's building. (The details of this issue were presented in Section C and will not be repeated.)

Disputes arising over telephone service were reported by the field managers at Naval Air Station Oceana and Naval Station Newport. The field manager at Naval Air Station Oceana reported dealing with disputes over the accuracy of telephone charges. At Naval Station Newport, the field manager described the disputes over telephone service he has been aware of resulting from two seperate references on the subject in the Naval Comptroller's Manual. One section in this manual directs that a host is responsible for providing telephone service for a tenant. A second reference is made later in the manual that authorizes a host to seek reimbursement from a tenant whenever the costs associated with providing telephone service can be readily identified. The field manager reported that at Naval Station Newport, telephone costs are broken out by tenant and thus, the naval station seeks reimbursement for the service.

2. Disputes Over Manpower

The field managers at Naval Air Station Alameda and Naval Station San Diego both reported disputes arising from provisions in the ISSAs whereby tenant activities agree to provide personnel support to the installation. At Naval Air Station Alameda, the point of contention is the requirement for tenants to provide personnel to work in the naval air station galley. At Naval Station San Diego, disputes arise over the agreement that tenant activities will provide personnel to stand a variety of watches at the naval station.

3. Resolution of Disputes

The field managers at all eight installations reported that disputes tend to be resolved by negotiation or referring to the regulations that govern host-tenant relationships; for example, DOD Regulation 4000.19R (DRIS Regulations) and the Naval Comptroller's Manual. Also, all of the field managers provided indications that disputes are resolved at or near their level in the chain of command.

E. FINDINGS RELATED TO COST SAVINGS

This section focuses on four topics. First, whether or not the installations sampled are recording cost savings information on the ISSAs is discussed. Second, the reasons why some installations are not recording cost savings are presented. Third, the policies of the installations which are recording cost savings are presented. Fourth, the methods some field managers reported they use to determine cost savings are discussed.

Generally, the question whether avoidance savings or budget savings were being computed was not considered. The

TABLE 11: SUMMARY OF RESPONSES TO QUESTION:
DOES THE INSTALLATION RECORD
COST SAVINGS ON ISSAS?

NAS ALAMEDA, CA.	NO
NAVAL POSTGRADUATE SCHOOL, CA.	YES
NS SAN DIEGO, CA.	NO
NAS NORTH ISLAND, CA.	YES
NS CHARLESTON, SC.	YES
NS NORFOLK, VA.	NO
NAS OCEANA, VA.	YES
NS NEWPORT, RI.	YES

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requirements in DOD Regulation 4000.19R and in OPNAV Instruction 4000.84 state only that cost savings reported on ISSAs be limited to either avoidance or budget savings; no preference for one or the other is stated.

Table 11 summarizes the data regarding which installations are recording cost savings information on the ISSAs. Table 12 summarizes the reasons given by field managers who are not recording cost savings. Table 13 summarizes the information on the alternate methods used by field managers who are reporting cost savings.

1. Installations Not Recording Cost Savings

Field managers at three of the eight installations reported that cost savings information was not being recorded on the ISSAs. This represented over thirty-seven

TABLE 12: REASONS CITED FOR
NOT RECORDING COST SAVINGS ON ISSAS

PERSONNEL SHORTAGE	NAS ALAMEDA, CA
PROVIDING COMMON SERVICES ONLY	NS SAN DIEGO, CA NS NORFOLK, VA

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percent of the sample. The explanations given fell into two categories. The first was personnel shortages. The second was that the services being provided to the tenants were common services that the installation was required to provide in the performance of its mission.

2. Alternate Methods For Determining Cost Savings

The five remaining installations were classified into three categories: those performing their own analyses, those requiring the tenant activities to provide cost savings information, and those pursuing both policies. Two of the five installations (forty percent) perform their own analyses. One of the five installations (twenty percent) requires tenant activities to provide cost savings information. The remaining two installations (forty percent) pursue both policies. Table 13 lists the installations in each category.

a. Installations Performing Their Own Analyses

At the Naval Postgraduate School, the field manager reported that three different studies had been performed. Two of these were manpower cost-effectiveness

TABLE 13: ALTERNATE METHODS REPORTED FOR DETERMINATION OF COST SAVINGS

ACTIVITIES PERFORMING THEIR OWN ANALYSES	NAVAL POSTGRADUATE SCHOOL, CA NS NEWPORT, RI
ACTIVITY REQUIRING TENANTS TO PROVIDE COST SAVINGS INFORMATION	NAS NORTH ISLAND, CA
ACTIVITIES PERFORMING THEIR OWN ANALYSES AND REQUIRING TENANTS TO PROVIDE COST SAVINGS INFORMATION	NS CHARLESTON, SC NAS OCEANA, VA

studies. The results of one study indicated that the school could not effectively provide the level of service that a potential tenant would have required. The results of the second study indicated it would be more cost-effective if the school gave up a personnel billet and transferred the function associated with that billet to Fort Ord, a U.S. Army installation also located in Monterey.

The third study was more directly related to cost savings achieved by entering into a host-tenant agreeement. The school is a tenant activity in an ISSA with the U.S. Army installation, Redstone Arsenal. This Army installation provides electronic calibration services on a reimbursable basis, for the testing equipment in the Naval Postgraduate School's science and engineering departments.

A professor in the engineering department performed this cost savings study. The methodology used was a comparison of the costs for electronic equipment calibration by civilian firms against what the school reimburses Redstone Arsenal.

At Naval Station Newport the field manager reported that emphasis is put on determining cost savings that result from tenant activities receiving utilities from the naval station. Generally, the procedure that is used allocates the fixed costs associated with the production and distribution of utilities on an equal basis to the tenants. These fixed costs are assumed to be the costs the tenant activities would incur if they were forced to draw their utilities from an alternative source. However, since they are drawing their utilities from the naval station the fixed costs are credited as savings.

b. Reliance on Tenant Activities

The field manager at Naval Air Station North Island reported that the policy at this installation was for tenant activities to provide cost savings figures and the supporting data for those figures. Generally, tenants are required to cost out an alternative source for the services they receive. In effect, tenant activity managers are required to draw on their expertise and knowledge of their own operations to determine the savings that result from entering in an agreement with Naval Air Station North

Island. The field manager reported that she reviews the figures and data sent and makes corrections when appropriate. The basis for any corrections would be knowledge she possessed regarding the true costs that the naval air station incurs by providing service to the tenants. The field manager singled out estimates of cost per square foot of facilities as an example of when a correction might be made. As reported to the researcher, a tenant activity might estimate these costs to be higher than they actually were.

c. Installations Using Both Methods

At Naval Station Charleston, tenants are also required to determine their unique cost savings. The field manager reported that all figures and supporting data are forwarded to her. She in turn forwards the information to the Defense Base Operations Analysis Office in Alexandria, Virginia with the completed ISSA. The field manager also reported that she determines cost avoidance savings that result from tenant activities receiving physical space from the naval station, instead of having to purchase it in the local real estate market. The methodology used is to obtain equivalent rental rates being charged in the local real estate market from the Naval Facilities Engineering Command. These figures are then credited as cost avoidance savings.

Determination and recording of cost savings at Naval Air Station Oceana is, according to the field manager interviewed, largely accomplished by in-house analysis. The field manager reported that this approach is favored because if the analysis is done in-house, the methodology used to determine cost savings is intimately known by Naval Air Station Oceana workers, vice tenant activity workers, and supporting documentation can be kept in the local records. In some cases, however, the field manager reported that tenants had been requested to conduct their own analyses.

Generally, the procedure reported for in-house analyses calls for determination first of the known costs the naval air station has incurred in providing support to the tenants. According to the field manager, this data is collected from direct job order numbers from the budget alone or these numbers combined with estimates from engineering studies. An assumption is made that the costs incurred by the naval air station would be the same costs incurred by a tenant activity if it were forced to provide the support for itself. Working within this assumption, the determined costs are credited as savings.

F. IMPROVEMENTS RECOMMENDED BY FIELD MANAGERS

This section focuses on the responses field managers gave to the question, "Are there any improvements in the host-tenant program you would like to see or any issues you

TABLE 14: RECOMMENDATIONS FOR IMPROVEMENT
OFFERED BY FIELD MANAGERS

RECOMMENDATION	FIELD MANAGER(S) MAKING RECOMMENDATION
CLARIFY PROCEDURES FOR DETERMINATION OF COST SAVINGS	NAS NORTH ISLAND, CA NS CHARLESTON, SC NAS OCEANA, VA
STREAMLINE ISSAS	NAS ALAMEDA, CA
REVISE CATEGORY SUPPORT CODES	NAS OCEANA, VA
PROVIDE MANAGERS WITH MORE TRAINING	NAS ALAMEDA, CA

feel need to be resolved"? Four field managers offered recommendations, which were classified into four categories. Each of the categories is discussed separately below. Table 14 summarizes this information.

1. Clarify Procedures For Determination of Cost Savings

These recommendations called for more detailed guidance with regards to determination of cost savings for interservice and intraservice ISSAs.

2. Streamline ISSAs

This recommendation called for reducing the amount of information currently required in an ISSA. The field manager recommended that only reimbursable services should be listed.

3. Revise Category Support Codes

This recommendation called for amplification of the category support codes and incorporation of elements found in the the commercial activities program support codes.

4. Provide Managers With More Training

This recommendation called for better training of field managers in cost analysis and ISSA preparation in general.

IV. DATA ANALYSIS

A. INTRODUCTION

All of the data obtained by the researcher will be analyzed in the context of the research questions posed in Chapter I. The research questions were collected in sets, and each set was listed (1) through (3). Each set of questions addressed a different issue regarding the DRIS Program. Set (1) dealt with the existence and character of problems being faced by field managers. Set (2) dealt with the issue of disputes, and set (3) dealt with the determination and use of cost savings.

Specifically, the research questions were:

(1) Are field managers experiencing any problems preparing and/or administrating ISSAs? If so, what are these problems? What are some recommended solutions?

(2) How frequently do disputes arise over ISSAs? Are there any categories of disputes that appear to recur? How are disputes resolved?

(3) How are the reported cost savings that result from having an ISSA determined? What is being done with this data?

In this chapter, these questions are answered, mostly by using the findings presented in Chapter IV, and also by introducing additional information obtained from two other sources.

The first source was broad analysis of the field manager interviews. Often during the course of these interviews, the answers given by the field managers to one question addressed other issues beyond the one that the question was related to. In recognition of this, analysis of the total set of answers given during these interviews was made. Responses were collated in an attempt to answer two sets of research questions in particular, as accurately and completely as possible. These two sets of research questions related to the problems field managers were facing and the determination and utility of cost savings.

The second source was information obtained from the interview conducted with the Navy Executive Coordinating Agent for the DRIS Program. As the reader will discover, the volume of this information is small relative to the field manager interviews. It also directly relates to the research questions addressing the determination and utility of cost savings.

B. THE EXISTENCE AND CHARACTER OF PROBLEMS BEING FACED BY FIELD MANAGERS

The first question asked was: Are field managers experiencing any problems preparing and/or administrating ISSAs? The data indicates the answer is yes. The second question asked was: If so, what are these problems? The data indicated the existence of a number of problem categories, which will be presented and discussed. The recommendations made by four of the field managers, presented in Chapter III, is considered a sufficient answer, at this point, to the third question: What are some recommended solutions?

1. Problem Categories

Chapter III presented the answers given by the field managers to the interview question, "What difficulties have you encountered in preparing or administrating ISSAs"? Seven problem categories were discussed:

(1) Getting an ISSA Through Two Organizations

(2) Interpreting Applicable Regulations

(3) Demands of Other Job Responsibilities

(4) Lack of Cost Information

(5) Proper Identification of a Reimbursable Service

(6) Lack of Physical Space Available For Tenants

(7) Tenant Relocation.

A broad analysis of the interviews indicated that two new categories could be added, bringing the total to nine. These categories were:

(8) Personnel Shortages

(9) Determining Cost Savings When the Host is the Sole Source.

These additions will be briefly discussed.

a. Personnel Shortages

The evidence for this category is in the responses given by the field managers at Naval Air Stations Alameda and North Island. In answering the question, "How much time, on a monthly basis, do you estimate you spend on the administration of ISSAs?", each specifically cited personnel shortages. Also, the field manager at Naval Air Station Alameda cited personnel shortages as the reason why cost savings analyses had not been performed.

Recall from Table 7 that each of these field managers claimed only fifty percent of their ISSAs were up to date. These percentages were the lowest for the installations sampled. The researcher believes personnel shortages to be a major factor contributing to this.

b. Determining Cost Savings When the Host is the Sole Source

This difficulty was reported by the field manager at Naval Station Newport. The field manager was asked to elaborate on the method used to determine ISSA cost savings. Fixed costs associated with the production and distribution of utilities are allocated, on an equal basis, among all tenant activities. An assumption is then made that these costs would be identical to those any one tenant activity would incur, if that tenant activity were to draw utilities from an alternate source. Because the tenant activity is drawing utilities from Naval Station Newport, however, the costs are considered to be cost savings that result from the ISSA.

The problem, as reported by the field manager, is that in reality there is no other source for utilities available to tenant activities. Naval Station Newport is designated the Public Works Lead Activity, and it must provide all tenant activities with utilities. Likewise, tenant activities must draw their utilities from the naval station. In short, neither party has any real alternative.

The researcher believes an issue is raised here. That issue is: if a host activity is providing a unique service to a tenant activity (in other words, is the sole source for that service) how realistic is it to expect that the costs incurred by the host would be the same costs incurred by a tenant? The assumption that the costs would be identical and hence, can be considered ISSA cost savings, is suspect.

This assumption risks considering the facilities a host activity possesses to be a given. That is, the facilities being used by the host would be the same facilities used by the tenant. As a consequence, capital and sunk costs are ignored. Economies of scale are also overlooked. Would a tenant activity actually utilize the same facilities the host activity possesses in an equally efficient manner? Or, would it even be cost-effective for a tenant to be provided facilities on the scale that exist for would then form the answer to the question: What problems are field managers administrating ISSAs facing?

The findings suggest that the problem category numbered (1) is unique. Therefore, the difficulties associated with getting ISSAs through two organizations are isolated to form the new problem category designated A.

The problem categories numbered (3) and (8) (Demands of Other Job Responsibilites and Personnel Shortages, respectively) may be logically combined under the assumption that an extra person, trained to administrate ISSAs, would help alleviate the difficulties associated with these two seperate categories. A new problem category results, which is designated B.

Combining numbered problem categories (4) and (9) (Lack of Cost Savings Information and Determining Cost Savings When the Host is the Sole Source, respectively) is intuitive. A new problem category designated C, Problems Determining Cost Savings, is created.

The researcher assumed that if the regulations governing the DRIS Program were more precise in defining what a reimbursable service is and is not, under interservice and intraservice conditions, then field managers would experience fewer difficulties when determining reimbursable services and rates. Under this assumption, the problem categories Interpreting Applicable Regulations and Proper Identification of a Reimbursable

Service (numbered (5) and (6)) may be combined. The problem category designated D, Interpreting Applicable Regulations, is created.

Finally, the two problem categories related to physical space, numbered (6) and (7), may be intuitively combined. This last problem category, Physical Space Problems is designated E.

3. The Severity of Problems Reported

A natural follow-up question is, What significance for the DRIS Program is attached to the problems reported by field managers? The data does not provide a clean answer. However, the researcher contends that only two categories of problems have any significant implications for the DRIS Program. These categories are C, Problems Determining Cost Savings and D, Interpreting Applicable Regulations. The remaining problem categories, while they may be serious enough at any single installation, are not considered by the researcher to be as severe. A discussion of each problem category follows.

a. Category A: Getting ISSAs Through Two Organizations

The existence of this problem category may indicate that processing an ISSA does not have the priority for accomplishment that competing tasks do. This could certainly frustrate a conscientious field manager. As a whole, however, the problem category is not considered severe because no evidence was uncovered which indicated that a host activity would stop providing support to a tenant activity merely because the ISSA was not up to date.

The value of an ISSA is that it constitutes a contract between the host and tenant activities. Each party should strive to ensure the ISSA is kept timely. In the face of a large workload, however, it may be inevitable that some ISSAs will work their way through the two organizations at a relatively slow pace. The researcher hypothesizes that ISSAs which list only common services would be especially prone to such neglect.

b. Category B: Personnel Shortages

While this problem category is certainly significant in terms of the increased workload placed upon the workers at an installation, the researcher does not consider this problem category to be a significant one overall. The reason why is that the data offered evidence that the implications of this problem were unique to the three installations reporting personnel shortages. For example, at the Naval Postgraduate School the field manager reported that, because of her other job resposibilities, she was able to work on ISSAs only as the need arose. This was the only implication of a personnel shortage reported. Yet, the estimate given for the percentage of ISSAs considered up to date was eighty percent. The researcher considered this percentage rate to be evidence that a personnel shortage is not a severe problem at the Naval Postgraduate School.

As already noted, the estimates given by the field managers at Naval Air Stations Alameda and North Island were only fifty percent. These were the lowest figures reported. The evidence suggested that at Naval Air Station North Island, the low estimate was the only implication of the personnel shortage. Also, the response given by the field manager indicated that once the fiscal year budget was closed out, she would be expected to return to ISSA administration full time. In short, at Naval Air Station North Island, the problem of a personnel shortage, in terms of ISSA administration, was considered to be temporary.

This was not the case at Naval Air Station Alameda. At this installation, there were two implications associated with the shortage of personnel reported by the field manager. First, there was the report given that ISSAs were reviewed and updated only when time permitted and not at all if budget matters arose. Second, the personnel shortage precluded determination of any cost savings.

The researcher believes that Naval Air Station Alameda will continue to experience low rates of ISSAs considered up to date until the personnel shortage in the Budget Office is alleviated. However, only the managers at this installation can be realistically expected to set the priorities for the work to be accomplished, and it could very well be that any new worker would be assigned tasks considered more urgent than ISSA administration.

In summary, the data indicates that personnel shortages affect installations in unique ways. The researcher was unable to identify any broad implications of this problem category for the DRIS Program.

c. Category C: Problems Determining Cost Savings

The researcher contends that these problems have the greatest implications for the DRIS Program. A full discussion of these is presented as part of the data analysis conducted to answer the third research question.

The researcher was struck by the fact that field managers at only two installations reported having problems determining cost savings. As Tables 16 and 17 indicate, a case can be made that this problem is more widespread. Of the five installations whose field managers reported documenting cost savings, three recommended that the procedures for determining cost savings be clarified. Of these three, only the Naval Air Station Oceana field manager reported a problem determining cost savings and recommended clarification of the procedures. However, if it is assumed that a recommendation to clarify the procedures was made in response to difficulties encountered, then it is logical to conclude that the remaining two field managers are also finding determination of cost savings to be a problem.

TABLE 16: DATA ANALYSIS, COMPARISON OF INSTALLATIONS REPORTING COST SAVINGS AND REPORTING COST SAVINGS TO BE A PROBLEM

INSTALLATION	FIELD MANAGER REPORTED DETERMINATION OF COST SAVINGS TO BE A PROBLEM
NAVAL POST GRADUATE SCHOOL, CA.	NO
NAS NORTH ISLAND, CA.	NO
NS CHARLESTON, SC.	NO
NAS OCEANA, VA.	YES
NS NEWPORT, RI.	YES

TABLE 17: DATA ANALYSIS, COMPARISON OF INSTALLATIONS REPORTING COST SAVINGS AND RECOMMENDING A CHANGE RELATED TO THE DETERMINATION OF COST SAVINGS

INSTALLATION	FIELD MANAGER RECOMMENDED A CHANGE RELATED TO DETERMINATION OF COST SAVINGS
NAVAL POSTGRADUATE SCHOOL, CA.	NO
NAS NORTH ISLAND, CA.	YES
NS CHARLESTON, SC.	YES
NAS OCEANA, VA.	YES
NS NEWPORT, RI.	NO

In summary, four of the five field managers reporting cost savings either reported determination of cost savings to be a problem, or recommended a change relating to cost savings. The researcher's opinion is that determination of cost savings is a more widespread problem than Table 15 suggests.

d. Category D: Interpreting Applicable Regulations

Fixes for category D problems would, of course, have the greatest impact on the entire DRIS Program. For this reason, category D problems are considered to be as significant as those in category C. Indeed, the proposed change to DOD Regulation 4000.19, if adopted, would eliminate category C problems entirely since the revised format for ISSAs, now under consideration, does not require cost savings to be recorded.

e. Category E: Physical Space Problems

This category of problems was not considered significant since all of the reported instances were located at a single installation, Naval Station San Diego. The researcher's opinion is that the category itself is a viable one for classifying the problems that field managers may be having that relate to the physical space at their installation. The data indicates, however, that the affects of the category will be unique to the installation experiencing such problems.

B. THE ISSUE OF DISPUTES

The research questions associated with disputes were: How frequently do disputes arise over ISSAs? Are there any categories of disputes that appear to recur? How are disputes resolved? Each of these questions is discussed seperately.

1. Frequency of Disputes

The data does not provide a simple answer to the question: How frequently do disputes arise over ISSAs? The rate at which disputes occurred varied among the responses given by field managers. For example, at the Naval Postgraduate School, the two incidents previously discussed were the only ones reported. Likewise, the dispute described at Naval Station Charleston was the only one reported.

At Naval Station San Diego, the issue of tenant activity support for the naval station watchbill was the only dispute reported and no indication as to the frequency was given. Similarly, the field manager at Naval Air Station Alameda provided details of the disputes she professed knowledge of but gave no indication as to their frequency.

Four of the field managers interviewed did provide some reference to dispute frequency. The references were by no means uniform, however; some were quantitative estimates while others were purely subjective estimates.

At Naval Air Station Alameda, the field manager reported that disputes over personnel detailed to work in the installation galley occurred all the time. In contrast, the field manager at Naval Station Norfolk reported that no disputes had arisen in awhile. The field manager at Naval Air Station Oceana estimated that disputes occurred once or twice during ISSA reviews but added that, generally, relations with the tenant activities were agreeable. Finally, the field manager at Naval Station Newport stated he was aware of only two or three instances of disputes, all over reimbursements for telephone service.

2. Recurring Categories of Disputes

Among the installations sampled, some categories of disputes did recur. Table 18 summarizes this information.

Field managers at seven of the eight installations sampled reported at least one instance of a dispute. These reports were categorized as either disputes over reimbursements or disputes over manpower. Field managers at five of the seven installations reporting disputes cited disputes over reimbursements. The two remaining field managers reported disputes over manpower. (Table 10 summarized these findings). The character of the manpower disputes was identical. Each centered on provisions in the ISSAs whereby

TABLE 18: DATA ANALYSIS, DISPUTES REPORTED BY CATEGORY AND LOCATION

CATEGORY	LOCATIONS
A. DISPUTES OVER REIMBURSEMENTS	
1. APPROPRIATENESS	NAVAL POSTGRADUATE SCHOOL, CA NAS NORTH ISLAND, CA NS CHARLESTON, SC NS NEWPORT, RI
2. ACCURACY	NAVAL POSTGRADUATE SCHOOL, CA NAS OCEANA, VA
B. DISPUTES OVER MANPOWER	NAS ALAMEDA, CA NS SAN DIEGO, CA

tenant activities agreed to provide personnel support for the installation.

The character of the reimbursements disputes were not identical. These disputes, when analyzed, generally fell into one of two subcategories: accuracy of a reimbursement or the appropriateness of a reimbursement. One field manager provided two instances of disputes over reimbursements, for a total of six instances. Disputes over the appropriateness of a reimbursement were reported four times. Disputes over the accuracy of a reimbursement were reported two times.

In summary, the data indicates that some categories of disputes do recur. Of the categories discussed, the data indicates that disputes over the appropriateness of a host activities seeking reimbursement are more likely to occur than disputes over the accuracy of the reimbursement.

3. Resolution of Disputes

As discussed in Chapter IV, the data indicates that disputes are resolved by negotiation and referring to the regulations that govern the DRIS Program. Also, the data indicates that within the organization structure, disputes are resolved either at, or very close to, the level of the field managers interviewed.

4. The Severity of Disputes

Once again, a fair follow-up question is: What are the implications of the findings related to disputes for the DRIS Program? Based on the data, the issue of disputes is not significant. There are four reasons for this opinion.

First, not a single field manager interviewed reported having difficulties resolving disputes or recommended any action be taken that related to the resolution of disputes.

Second, although it must be admitted that no conclusive or quantitative evidence was presented to fully answer the question regarding the frequency of disputes, the researcher contends that a broad analysis of the data indicates disputes occur at a very low rate. Recall that only one field manager provided a response that could even be interpreted to mean disputes were routine occurrences.

This was the report given by the field manager at Naval Air Station Alameda, who stated disputes over galley personnel arose all the time. It should also be noted that, despite this statement, the dispute over galley personnel was the only kind reported at this installation. Thus, the researcher maintains that the frequency of disputes is low.

Third, when disputes were reported, the data suggests that they are resolved in a professional manner: via negotiation and referring to the regulations.

Fourth, the data suggests that the majority of disputes are resolved at or near the level of the field managers interviewed. The researcher contends that within the formal organization structure of any installation, this level represents the lowest that any ISSA dispute could be resolved at.

D. THE DETERMINATION AND USE OF COST SAVINGS

The research questions asked were: How are the reported cost savings that result from having an ISSA determined? What is being done with this data? Each of these questions will be discussed seperately.

1. The Determination of Cost Savings

The data indicates there are two answers to the first question. First, cost savings are determined in a non-standard manner. Second, the figures reported as cost savings are passed on to the DRIS Databank without any feedback provided to the field managers that submitted them.

The field managers were not specifically asked whether or not they had ever received feedback from the DRIS Databank. However, the researcher did ask the field managers at the three installations not reporting cost savings if they had ever been queried about their non-compliance with the requirement to report cost savings. All three field managers reported no questions had ever been asked.

There are additional indications that cost savings are not being verified. During the interview with the field manager at Naval Station Charleston, it was reported that no one had ever questioned the cost savings figures submitted or the methodologies submitted with the figures. Finally, during the interview with the Navy Executive Coordinating Agent for the DRIS Program, the researcher specifically asked whether or not the cost savings figures submitted to the DRIS Databank were checked by independent analysis for accuracy. The answer given was that to the best of the interviewee's knowledge, the figures were not checked.

2. Questions Raised By The Findings

Of course it may very well be that all of the figures being reported are accurate and hence, no feedback is necessary. However, consider the following four-point discussion based on the findings presented. The researcher contends that several new questions are raised regarding the accuracy and completeness of cost savings.

Third, recall the education profiles of the field managers interviewed and the numbers of field managers that reported receiving formal training in the purpose and/or administration of the DRIS Program. Table 4 indicated that the people administrating ISSAs are well-educated. However, of the eight field managers profiled, only two have educational backgrounds that can be assumed to have included exposure to cost analysis techniques. These two are the field manager with a degree in accounting and the field manager with a degree in engineering. Table 5 indicated that only two of the eight field managers had received formal training. While the quality of on-the-job training cannot be addressed by the data presented in this thesis, it has been established that the DRIS Course does include training in cost analysis and that both field managers who completed this course reported it was beneficial. This data raises another question: are the individuals who are being required to determine cost savings properly trained for this?

Finally, consider the findings related to the amounts of time field managers reported they were spending on the administration of ISSAs. Admittedly, the data does not suggest what the optimal amount of time spent administrating ISSAs should be. Recall that field managers at five of the eight installations provided responses that indicated the amounts of time spent administrating ISSAs varied with the urgency for bringing them up to date. This suggests that administration of ISSAs often does not have the priority of competing tasks. The question raised is: do the field managers have the time to conduct sophisticated analyses of cost savings?

In summary, the researcher contends that the data indicates several new questions about the determination of cost savings. These can be reduced to two broad questions. First, are the cost savings being reported accurate? Second, are all of the cost savings that could be reported being reported?

3. The Use of Cost Savings

According to DOD Regulation 4000.19R, completed ISSAs are to be sent to the DRIS Databank. The cost savings reported on the ISSAs are extracted and incorporated into the database for use by the DOD Components. If a member of any of the DOD Components required statistical information contained in the databank (for example, for a management study) the information could be obtained by contacting the analysts at the DRIS Databank.

During the interview with the Navy Executive Coordinating Agent for the DRIS Program, it was reported that the purpose of the DRIS Databank extended beyond DOD. According to this individual, the main purpose of the DRIS Databank was so that members of Congress could be provided quantitative information on the consolidation efforts within DOD.

Cost savings, then, appear to have two uses. First, they are a measure of how well DOD is consolidating base support services. Second, they are a measure of the effectiveness of the DRIS Program.

Recall from Chapter II that the future of the DRIS Databank is in question. According to the Navy Executive Coordinating Agent for the DRIS Program, it currently is not a viable organization. Thus, whether or not cost savings have any future uses remains to be seen.

4. Implications

What are the implications of these findings for the DRIS Program? There are four possible answers.

First, there are no implications because the DRIS Databank is not a viable organization. If the DRIS Databank were actually a valuable source of information to Congress or any significant policy-making organization within DOD, then it would still be in operation. The information provided to the researcher indicates that DOD attaches no value to the DRIS Databank and is seeking to withdraw the support for it.

Second, there are no implications because every installation is different. Indeed, adopting uniform procedures to determine cost savings would be inappropriate because no two field managers face the same set of circumstances.

Third, there are no implications because the figures reported are incorporated into the DRIS Databank without being checked. In short, it is relatively unimportant how cost savings are determined, or even if they are determined at all. What matters is that if cost savings are being reported, the methodologies used to determine the cost savings must appear reasonable.

Fourth, the cost savings being reported are incomplete and inaccurate. If this is indeed the case, then government policy-makers interested in how well DOD is consolidating base support services, are not being provided with the best information. Also, one method for measuring the effectiveness of the DRIS Program is suspect.

E. SUMMARY OF FINDINGS

The significant findings of this research are presented below.

1. Problems Administating ISSAs

The problems faced by field managers can be classified into five categories.

(1) Getting ISSAs Through Two Organizations

(2) Personnel Shortages

(3) Problems Determining Cost Savings

(4) Interpreting Applicable Regulations

(5) Physical Space Problems

2. The Issue of Disputes

The following information summarizes the findings for this issue:

(1) Disputes between hosts and tenants tend to occur infrequently.

(2) Disputes tend to be resolved through negotiation and by referencing the regulations.

(3) Disputes tend to be resolved at the lowest practical level of an installations organization structure.

(4) Generally, disputes tend to occur more often over the appropriateness of a host seeking reimbursement from a tenant.

3. The Determination of Cost Savings

The following information summarizes the findings for this issue:

(1) Cost savings are determined via non-standard methodologies.

(2) The cost savings that are reported are not verified.

(3) Two significant questions are raised concerning the determination of cost savings. First, are the cost savings accurate? Second, are all possible cost savings being reported?

V. CONCLUSIONS AND RECOMMENDATIONS

A. CONCLUSIONS

The following conclusions are drawn from the findings and data analysis presented in the preceding chapters.

1. Problems Administrating ISSAs

The researcher feels that the five problem categories presented in Chapter IV would fairly represent some (but not necessarily all) of the more common problems that could be encountered in ISSA administration at any Navy field activity.

2. Disputes

It was not surprising to discover that disputes result mainly over reimbursements. Operating funds are a scarce resource and the prudent finanical manager (whether host or tenant) seeks to maximize their use. The data of this thesis indicates that most disputes will occur over the appropriateness of a host seeking reimbursement from a tenant. A possible reason for this is that the accuracy of a reimbursement will likely be ensured by the use of meters, engineering studies, or by the host being able to break out support costs by tenant, as was observed at Naval Station Newport. The appropriateness of a reimbursement, on the other hand, is largely determined by interpreting regulations. Misinterpretating regulations and simple confusion over poorly worded regulations are inevitable.

However, based on the data, it appears that disputes will occur infrequently and be resolved in a professional manner.

3. The Determination of Cost Savings

Enough variation exists in the way field managers at different installations are determining cost savings that the two questions posed in Chapter IV warrant additional study. The urgency for these studies is dependent on whether the DRIS Databank is retained or whether the Navy elects to establish its own databank. If cost savings are going to be used as a measure of the effectiveness of the DRIS Program, or any program for consolidation of base support services, then it is worth the time and effort to ensure the savings reported are accurate and complete.

4. The Character of Field Managers

Finally, the researcher was impressed by the dedication and knowledge of the field managers interviewed, and feels that these characteristics would be common to most other field managers at Navy shore installations. However, another common characteristic is that, given the reality of the various situations, ISSA administration must compete with other tasks. It is also felt that most field managers would probably benefit from formal training, such as the DRIS Course.

5. The Value of ISSAs

The researcher believes it is important to have current ISSAs for three reasons. First, to formally specify the types and levels of services a host agrees to provide a tenant. Second, to document the costs of providing services. Third, to formally specify the reimbursements that will be paid to the host in return for those services. In light of these observations, the value of an ISSA lies in its usefulness as a contract between two activities.

B. RECOMMENDATIONS

The following recommendations for the improvement of ISSA administration are made.

1. ISSAs Should Be Regarded Primarily As Contracts

Currently, ISSAs serve as contracts between hosts and tenants, and as a vehicle for reporting the effectiveness of the DRIS Program (measured in terms of cost savings). Field managers should be held responsible primarily for administrating ISSAs as contracts. In this regard, the responsibilites of the host and tenant activities should be clearly specified. Once the ISSA has been signed, it should be reviewed and updated only when either party has a need to change it.

2. ISSA Administration Should Be A Full Time Job

Ideally, each installation should have one individual designated to administrate ISSAs. This person would be responsible for preparing the ISSA, acting as the point of contact for tenant activities, and performing reviews and updates, as necessary. This person should not be responsible for determining cost savings unless he or she has been formally trained to do so.

3. DRIS Program Policy-Makers Should Evaluate the Future Use of Cost Savings

Specifically, a decision should be made whether cost savings will continue to be used as a measure of the effectiveness of the DRIS Program. If the decision is yes, then a standard methodology for determining cost savings should be promulgated to the field managers.

C. RECOMMENDATIONS FOR FURTHER STUDY

Since this study concentrated on the host perspective, a follow-up study that focused on the administration of ISSAs by field managers at tenant activities is a logical next step. The research questions would be identical to those posed for this study, except that the views of tenant activity field managers would be gathered.

Another worthwhile study would be to compare the services being provided by two different host activities: one that is reporting cost savings and one that is not. The purpose of this study would be to determine whether or not the services being provided by the activity not reporting cost savings are identical to those being reported by an activity that is reporting cost savings. If so, then insights may be gained into how a standard methodology for determining cost savings could be constructed.

APPENDIX A: DEFINITIONS

Unless otherwise noted, the definitions below were excerpted from DOD 4000.19R (DRIS Regulations).

Avoidance Savings. The amount by which an approved budget plan (FYDP, President's Budget, enacted appropriation) would have been higher without a particular management action. Avoidance savings will not be credited to the DRIS savings targets.

Budget Savings. The amount by which a previously approved budget plan (FYDP, President's Budget, enacted appropriation) has been reduced as a result of a particular management action. Budget savings from both interservice and intraservie agreements will be creditied to current year DRIS savings targets.

Common-Service. Nonreimbursable service that has been directed or agreed upon between or among DOD Components at the departmental level, such as medical and dental care, telephone service, operation of facilities, and meals provided to enlisted members.

Defense Agencies. A term which collectively describes the following organizations: Defense Advanced Research Projects Agency, Defense Communications Agency, Defense Contract Audit Agency, Defense Intelligence Agency, Defense Investigative Service, Defense Legal Services Agency, Defense Logistics Agency, Defense Mapping Agency, Defense Nuclear Agency, Defense Security Assistance Agency, and the National Security Agency/Central Security Service [Ref. 12, pp. 11-12].

DOD Components. A term which collectively describes the following organizations: the Office of the Secretary of Defense, the Military Departments, the Organization of the Joint Chiefs of Staff, the Unified and Specified Commands, and the Defense Agencies [Ref. 3, p. 26-A-2-1].

DOD DRIS Program Administrator. The designated individual responsible for overall administration of the DOD DRIS Program.

Executive Coordinating Agent. The representative of the headquarters of the DOD or non-DOD Component serving as the central single point of contact for his or her Component on all policy, coordination, and promotional matters that relate to his or her area of responsibility concerning the DRIS Program.

Facilities. The physical plant encompassing land and improvements thereto on DOD installations leased, or otherwise controlled, by DOD Components. Such facilities include buildings or other structures and real property installed equipment (such as air conditioning equipment, fixed fire protection equipment, plumbing, and other similar equipment).

Gross Additional Costs. Increase in direct and indirect cost of the operation of the supplier as a result of providing new or additional support to the receiver.

Interservice Support. Support provided by one federal agency or subdivision thereof to another federal agency or subdivision thereof when at least one of the participating agencies or subdivisions is the Department of Defense or a DOD Component.

Military Departments. A term which collectively describes the following organizations: Department of the Army, Department of the Navy, and the Department of the Air Force [Ref. 12, pp. 6-11].

Military Services. A term which collectively describes the following organizations: the U.S. Army, the U.S. Navy, the U.S. Marine Corps, and the U.S. Air Force.

Net Identifiable Costs. A supplier's gross additional cost less nonreimbursable support costs and value of resources provided by the receiver. The resultant is the value of reimbursable support.

Retail Interservice Support. Support accomplished at the post, installation, and base level, and between operating commands with resources that are available to the installation commander [Ref. 5, p. 26-A-2-2].

Savings. Any reduction in expense, time, labor, or material expressed in dollars. Savings are classified as budget savings or avoidance savings.

Defense Logistics Agency, Defense Mapping Agency, Defense Nuclear Agency, Defense Security Assistance Agency, and the National Security Agency/Central Security Service [Ref. 12, pp. 11-12].

DOD Components. A term which collectively describes the following organizations: the Office of the Secretary of Defense, the Military Departments, the Organization of the Joint Chiefs of Staff, the Unified and Specified Commands, and the Defense Agencies [Ref. 5, p. 26-A-2-1].

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APPENDIX B: FORMAT FOR FIELD MANAGER INTERVIEWS

Interviews with managers were semi-structured in nature. The questions presented below provided a working framework for the interview; deviations from the prepared list of questions were made in order to follow up on points of interest or to secure an elaboration from the person being interviewed.

(1) What is your educational background?

(2) What is your current GS Rating?

(3) How long have you been in your present job?

(4) Do you know the number of ISSAs at this command?

(5) Can you provide an estimate of how many are up to date?

(6) How much time, on a monthly basis, do you estimate you spend on the administration of ISSAs?

(7) a. Who actually estimates the costs of a reimburseable service?

b. What procedure is used?

(8) Does the command ever compute cost savings and record those savings on the ISSA? If so, how are cost savings computed? If not, why not?

(10) a. Have there been any instances where a dispute has arisen over interpretation of the service descriptions in an ISSA? That is, have there

been any instances where a dispute has arisen over interpreting the character and/or level of services a host is to provide a tennant?

b. How are (were) disputes resolved?

(11) What difficulties have you encountered in preparing or administrating ISSAs?

(12) Are there any improvements in the host-tenant program you would like to see or any issues you feel need to be resolved?

(13) Have you had any formal DRIS training?

(14) What question(s)--if any--have I not asked that I should have?

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